

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In Re:

Chapter 12 Case

TROY DENELSBECK and  
MELISSA DENELSBECK

Case No. 15-34016

Debtors.

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**MODIFIED CHAPTER 12 PLAN**

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**ARTICLE I**

**TERM**

The term of this plan shall be five years.

**ARTICLE II**

**PRIORITY CLAIMS**

Trustee Fees – The Chapter 12 trustee shall make application to the Court for approval of trustee’s fees and for any reasonable and necessary expenses of the trustee in effectuating the trustee’s duties under the Bankruptcy Code in administering this case. The debtor(s) shall pay an amount equal to five percent (5%) of all payments disbursed by the Chapter 12 trustee as payment and the trustee shall hold the fee until the trustee’s fees and expenses are applied for and approved by the Court. Once the trustee’s fees are approved, the trustee shall pay them.

Attorney’s Fees – Attorney’s Fees will be paid after court approval to Debtors’ attorneys, Stermer & Sellner, Chtd., 102 Parkway Drive, P.O. Box 514, Montevideo, MN 56265, and shall be paid from cash collateral and by the Trustee after receiving Debtor’s annual payment to Trustee.

**ARTICLE III**

**CLASSIFICATION OF CLAIMS**

CLASS 1 Co-op Credit Union of Montevideo (secured claim –blanket lien)

CLASS 2 Northland Capital Financial Services, LLC (secured claim - 2011 Turbo Till

Coulter Model 180, 2012 B & R Manufacturing Portable tub, 2012 Red Devil Snow Thrower, and a 1998 John Deere 8400T Tractor)

CLASS 3 Leases  
CLASS 4 RCIS – crop insurance  
CLASS 4 Unsecured creditors

## **ARTICLE IV**

### **TREATMENT OF CLAIMS AND INTEREST**

#### **CLASS I – Co-op Credit Union of Montevideo**

The Debtors owe Co-op Credit Union of Montevideo \$252,869.17 an allowed secured claim that includes \$2,238.00 in collection costs including attorney’s fees as of the date of filing on November 11, 2015, pursuant to six promissory notes which are described as follows:

Date	Original Balance	Balance Due (11/11/15)	Interest Rate	Security
04/05/11	\$20,000.00	\$9,576.82	6%	Blanket Lien
01/18/12	\$60,205.48	\$42,470.01	6%	Blanket Lien
02/12/13	\$150,000.00	\$865.94	4.95%	Blanket Lien
02/21/13	\$15,000.00	\$12,638.68	5.25%	Blanket Lien
06/20/13	\$8,500.00	\$6,049.89	3.5%	Blanket Lien
03/25/14	\$205,000.00	\$178,929.83	5.5%	Blanket Lien

Post-petition interest and collection costs including attorney’s fees continue to accrue and are to be included in the allowed Co-op Credit Union claim as set forth below. The above loans are fully secured by a first priority blanket lien on, including but not limited to, accounts and other rights to payment; inventory; crops; livestock; equipment; machinery; instruments; general intangibles; documents; farm products and supplies; government payments and programs; investment property; and deposit accounts, with the exception of certain leased items. The collateral specifically includes the full value of the JD 9560; Sunflower Ripper; Silage Wagon, JD Chopper; and John Deere 930 Platform. The Co-op Credit Union of Montevideo also has a second position security interest on any of the leased items leased from Northland Capital Financial Services, LLC, and takes a first secured position when Northland Capital Financial Services, LLC releases its interest. These leases are recharacterized as installment sales.

The six loans shall be modified and consolidated into one loan. This loan shall be secured by the

same collateral as the previously existing loans, as described in the previous paragraph and the relevant financing and security documents. The collateral also shall include all of the Debtors' post-petition property of like kind to that covered by the prepetition blanket lien including but not limited to accounts and other rights to payment; inventory; crops, livestock, equipment, machinery; instruments; general intangibles; documents; farm products and supplies; government payments and programs; investment property; and deposit accounts. acquired post-petition, both pre- and post-confirmation, with the same priority, dignity, and effect as the prepetition collateral. The Debtors shall maintain collateral values at all times, net of prior liens, of no less than 175 percent of the full unpaid balance of Class 1's secured claim. The Co-op Credit Union shall be entitled at reasonable times and intervals to inspect and appraise its collateral, *and the Debtors may prepay the Co-op Credit Union at any time, without penalty, to maintain the required collateral to debt ratio.* Failure to maintain this collateral to debt ratio, or to permit reasonable inspection or appraisal, shall constitute a default under the Plan.

Interest on this loan shall be 5.75% per annum. This interest shall be payable in five yearly payments, along with principal payments. The payments will be a minimum of \$60,500.00 annually. Debtors may prepay the claim in whole or part at any time and the remaining balance after a prepayment may, at their option, be reamortized to maintain the original five-year repayment period. This annual loan payment shall be paid by cattle and crop sale proceeds assigned to the Trustee during the plan. Payment shall be made to the Trustee by December 31 of each year.

Class 1 shall be entitled to pre- and post-petition confirmation interest, attorneys' fees, costs, disbursements and other charges, under 11 U.S.C. 506(b). The parties may stipulate to those amounts, or the Co-op Credit Union may move the Bankruptcy Court for approval and allowance of them, at reasonable times and intervals. Allowance of these amounts may result in increases in the minimum annual installment to maintain the original five-year amortization period.

Subject to the Debtors' aforesaid obligation to maintain a 175 percent ratio of net collateral value to balance of debt, crops, cattle, and other collateral raised or produced for sale may be used or sold by the Debtors as part of the ordinary operation of the farm and the proceeds used for

ordinary operating expenses.

Except as specifically modified herein or by operation of bankruptcy law, all provisions of pre-bankruptcy loan documents, including but not limited to all promissory notes and security agreements, shall remain in full force and effect.

CLASS II – Northland Capital Financial Services, LLC

The Debtors owe Northland Capital Financial Services, LLC (“NLC”) \$46,559.95. This debt is secured by 2011 Turbo Till Coulter Model 180, 2012 B & R Manufacturing Portable tub, 2012 Red Devil Snow Thrower, and a 1998 John Deere 8400T Tractor. This debt is fully secured. The John Deere 8400T Tractor will be surrendered to NLC for sale by June 1, 2016, with all proceeds to be paid against the debt owed to NLC by the Debtors. Debtors will pay the remaining debt owed to NLC in 2016, which Debtors estimate will be approximately \$6,559.95. Payments will be made direct from the Debtors.

CLASS III – Leases

The Debtors are parties to two leases, which shall be treated as follows. Payments under the following leases will be made directly from the Debtors.

- a. Ardith M. Henningsgaard: Debtors lease approximately 139 tillable acres from Ardith M. Henningsgaard. This lease was in default by \$8,500.00, but this has been cured. The yearly balance owed under the rental agreement is \$20,985.00. The Debtors shall assume this lease according to its terms and conditions.
- b. Constance Berckes: Debtors lease approximately 131 tillable acres from Constance Berckes. This lease is current. The yearly balance owed under the rental agreement is \$19,665.00. The Debtors shall assume this lease according to its terms and conditions.

CLASS IV – RCIS – Crop Insurance

The Debtors owed RCIS \$9,010.09 for 2015 crop insurance. RCIS was paid in full directly by the Debtors pursuant to a Stipulation and Order on a Motion for Use of Cash Collateral.

CLASS V – Unsecured Creditors

Debtors will pay 100% of allowed unsecured claims, in the total approximate amount of

\$119,659.09, over the five-year term of the plan. Payments shall be made to the Trustee for the appropriate distribution to the Creditors in accordance to the below charts. The administrative expenses to the Trustee and Attorney's fees, will be based upon court approval. The amounts listed in the subsequent charts are representative for budget purposes only. Payments to the Trustee will be made annually before December 31; except for 2016 which will consist of two payments.

2016 Total Payment to Trustee	\$132,000
May 2016	70,000.00
Richard & Jacklyn Denelsbeck	\$40,000.00
Co-op Credit Union of Montevideo	\$30,000.00
December 2016	\$62,000.00
Trustee Fees	\$7,000.00
Richard and Jacklyn Denelsbeck	\$10,000.00
Co-op Credit Union of Montevideo	\$45,000.00

2017 Total Payment to Trustee	\$81,000.00
Trustee Fees	\$4,000.00
Attorney's Fees	\$4,500.00
Richard and Jacklyn Denelsbeck	\$12,000.00
Co-op Credit Union of Montevideo	\$60,500.00

2018 Total Payment to Trustee	\$81,000.00
Trustee Fees	\$4,000.00
Attorney's Fees	\$4,500.00
Richard and Jacklyn Denelsbeck	\$12,000.00
Co-op Credit Union of Montevideo	\$60,500.00

2019 Total Payment to Trustee	\$81,000.00
Trustee Fees	\$4,000.00
Attorney's Fees	\$4,500.00
Richard and Jacklyn Denelsbeck	\$12,000.00
Co-op Credit Union of Montevideo	\$60,500.00

2020 Total Payment to Trustee	\$81,000.00
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Trustee Fees	\$4,000.00
Attorney's Fees	\$4,500.00
Richard and Jacklyn Denelsbeck	\$12,000.00
Co-op Credit Union of Montevideo	<i>Full balance due, estimated to be \$56,000.00</i>

In addition to the above payments, Debtors have made or will make the following direct payments to the following unsecured creditors pursuant to the Order on the Motion for Cash Collateral and discussion with the parties.

2016	
Henningsgaard	\$8,500.00
Canby Farmer's Grain	\$3,200.00
Attorney's Fees	\$7,500.00

## **ARTICLE V**

### CONTINUATION OF FARMING OPERATION

The Debtors propose to continue their farm operation in substantially the same form as it is currently being operated. Debtors shall defer from the income and proceeds of said operation sums of money for reasonable and necessary farm expenditures. Such expenses would include the ordinary, reasonable expenses that are set forth in the exhibits attached hereto, including payments to creditors outside of the plan and reasonable capital improvements, including machinery, equipment, and livestock. However, it is understood that any significant purchases that require new debt to be incurred will need court approval. As part of the continuing farm operation, Debtors shall submit operating reports and bank statements on a monthly basis to the Chapter 12 Trustee.

All disposable income as defined by 11 USCA § 1225(b)(2) received during the term of the plan will be applied to make payments under the plan.

## **ARTICLE VI**

### LIQUIDATION ANALYSIS

The Liquidation Analysis is attached as Exhibit A.

**ARTICLE VII**

**CASH FLOW ANALYSIS**

Attached as Exhibit B is a historical analysis of income and expenses.

Attached as Exhibit C is a detailed FINPACK projection for the three year plan.

Dated: March 17, 2016.

**STERMER & SELLNER, CHTD.**

By: *Krystal M. Lynne*

Krystal M. Lynne

Attorney ID #0392816

**Attorneys for Troy & Melissa Denelsbeck**

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Dated: March 17, 2016

*Troy Denelsbeck*

Troy Denelsbeck

Dated: March 17, 2016

*Melissa Denelsbeck*

Melissa Denelsbeck

LIQUIDATION ANALYSIS

A. Chattel

Livestock	\$182,000.00
Machinery	\$300,000.00
Grain, crops, inventory	\$141,590.00
Secured Debt	
Montevideo Co-Op Credit Union	\$258,000.00
Northland Capital Financial Services, LLC	\$46,560.00
Exemptions	\$2,500.00
<b>Net Chattel</b>	<b>\$316,530.00</b>

B. Vehicles

1996 Chevy pickup	\$3,500.00
2007 Chevy pickup	\$15,000.00
2 scrap pickups	\$100.00
Exemptions	\$18,500
<b>Net Vehicles</b>	<b>\$100.00</b>

C. Household/Misc.

Usual Household Goods & Furnishings	\$1,500.00
Wearing Apparel	\$750.00
Jewelry	\$500.00
Guns	\$2,000.00
Retirement	\$20,105.65
Exemptions	\$22,855.65
<b>Net Household/Misc.</b>	<b>\$2,000.00</b>

**Net equity after debt and exemption: \$318,450.00**



EXHIBIT B

HISTORICAL ANALYSIS OF INCOME & EXPENSES

	2012 Calendar Year	2013 Calendar Year	2014 Calendar Year	2015 Estimates
<b>Farming Income</b>				
Sales	\$74,540.00	\$237,896.00	\$281,871.00	\$190,743.00
Co-Op Distributions	\$3,426.00	\$2,877.00	\$2,581.00	\$0.00
Crop Insurance	\$66,583.00	\$9,088.00	\$9,061.00	\$1,283.00
Custom Hire	\$33,424.00	\$0.00	\$850.00	\$1,000.00
Government Payments	\$4,582.00	\$4,187.00	\$1,128.00	\$11,182.00
Other	\$5,165.00	\$22,772.00	\$1,856.00	
Total	\$187,711.00	\$276,820.00	\$297,347.00	\$204,208.00
<b>Expenses</b>				
Chemicals	\$583.00	\$0.00	\$4,638.00	\$9,450.00
Custom Hire	\$0.00	\$2,250.00	\$0.00	\$0.00
Equipment Rental	\$32,549.00	\$42,774.00	\$32,368.00	\$12,600.00
Feed	\$64,876.00	\$208,096.00	\$26,056.00	\$15,000.00
Fertilizers	\$10,819.00	\$31,196.00	\$33,798.00	\$22,500.00
Freight/Trucking	\$0.00	\$2,404.00	\$0.00	\$0.00
Fuel	\$8,365.00	\$10,011.00	\$4,320.00	\$6,750.00
Insurance	\$18,977.00	\$14,718.00	\$15,286.00	\$15,035.00
Labor	\$0.00	\$0.00	\$0.00	\$0.00
Land Rent/Lease	\$27,500.00	\$34,342.00	\$34,382.00	\$33,300.00
Repairs/Maintenance	\$21,752.00	\$25,041.00	\$12,864.00	\$3,000.00
Seed	\$5,255.00	\$34,672.00	\$23,162.00	\$24,000.00
Supplies	\$0.00	\$0.00	\$0.00	\$0.00
Storage	\$0.00	\$0.00	\$0.00	\$1,000.00
Misc. Taxes	\$0.00	\$0.00	\$0.00	\$3,700.00
Payroll Taxes	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	\$886.00	\$752.00	\$953.00	\$1,000.00
Vehicle Expenses	\$187.00	\$0.00	\$0.00	\$0.00
Veterinary/Medicine	\$6,385.00	\$9,874.00	\$5,003.00	\$3,500.00
Other	\$664.00	\$927.00	\$2,328.00	\$1,500.00
Total	\$198,798.00	\$417,057.00	\$195,158.00	\$152,335.00
<b>Net Farming Income</b>	<b>-\$11,087.00</b>	<b>-\$140,237.00</b>	<b>\$102,189.00</b>	<b>\$51,873.00*</b>

\* Please note that the 2015 number does not include crops harvested in 2015, as they were not able to be sold due to the bankruptcy proceedings.

**FINPACK PROJECTION****Troy Denelsbeck**  
**2016 draft****PROJECTED NET CASH FLOW**

<b>Cash Inflows</b>	Quantity	Price	Inflow	<b>Cash Outflows</b>	Outflow
Corn				Feeder livestock purchase	
2015 crop	33,000 bu.	3.20/bu.	105,600	Finish Beef	20,000
2016 crop	30,000 bu.	3.50/bu.	105,000	Feed	25,000
Soybeans				Chemicals	11,000
2015 crop	3,700 bu.	8.20/bu.	30,340	Custom hire (machine work)	2,500
2016 crop	3,150 bu.	9.00/bu.	28,350	Fertilizers and lime	25,000
Beef Calves	42 head	120.00/cwt.	70,560	Freight and trucking	2,500
Finish Beef	18 head	120.00/cwt.	30,240	Gasoline, fuel, and oil	8,000
Crop government payments				Insurance (other than health)	15,500
ARC			11,000	Rent or lease: land, animals, e	40,650
Custom work income			850	Repairs and maintenance	20,000
Patronage dividends, cash			2,581	Seeds and plants	25,000
Personal wages & salary				Storage and warehousing	1,000
Troy net pay			36,000	Supplies	1,000
Melissa net pay			15,600	Taxes	2,000
Total operating inflows			436,121	Utilities	2,000
				Veterinary, breeding, and medic	10,000
<b>Capital Sales</b>				Other expenses	
JD 8400T			40,000	annual misc	3,000
cull cows			7,200	AP-A.Henningsgard	8,500
Total capital sales			47,200	AP-RCIS	9,079
				AP- R.Denelsbeck	50,000
				Attorney Fee	7,500
				trustee fee	8,500
				Family living/Owner draw	19,260
				Total operating outflows	316,989
				<b>Loan Payments</b>	
				Northland Capital-Cons. Debt	
				Principal	46,559
				Monti CU-Cons.Debt	
				Principal	29,498
				Interest	8,805
				Total loan payments	84,863
Total cash inflows			483,321	Total cash outflows	401,852
				Net cash flow	81,469

**CROP AND LIVESTOCK PRODUCTION**

Enterprise	Units	Production Per Unit	Share	Operator Production
Corn	200.0 Acres	175.0 bu.	100	35,000 bu.
Soybeans	70.0 Acres	45.0 bu.	100	3,150 bu.
Beef Cow-Calf	56.0 Cow	0.80 head		45 head
Total crop acres	270.0 Acres			

**CROP INVENTORY SUMMARY**

	Beginning Inventory	Produced	Purchased	From CCC	Fed	Sold	To CCC	Ending Inventory
Corn (bu.)	30,000	35,000	-	-	-2,000	-63,000	-	-
Soybeans (bu.)	3,700	3,150	-	-	-	-6,850	-	-

**LIVESTOCK INVENTORY SUMMARY**

	Beginning Inventory	Produced	Purchased / Trans In	Died	Sold / Trans Out	Ending Inventory
Beef Calves (head)	63	45	-	-	-42	66
Finish Beef (head)	-	-	20	-2	-18	-

**PROJECTED INVENTORY CHANGE**

Commodity	Begin Inventory	\$/Unit	Begin Value	Ending Inventory	\$/Unit	Ending Value	Change
Corn	30,000	3.62	108,570	-	-	-	-108,570
Soybeans	3,700	8.20	30,340	-	-	-	-30,340
Beef Calves	63	1,321.43	83,250	66	1,110.00	73,260	-9,990
Total income items			222,160			73,260	-148,900
Prepaid exp. & suppl.			2,500			-	-2,500
Payables & accr exp	(end)		41,080	(beg)		108,563	67,483
Accrued interest	(end)		-	(beg)		12,761	12,761
Total expense items			43,580			121,324	77,744
Total inventories			265,740			194,584	-71,156

**PROJECTED BALANCE SHEET**

	Beginning	Projected Ending
<b>Current Assets</b>		
Cash and checking	16,324	97,794
Prepaid exp. & suppl.	2,500	-
Crops	138,910	-
Mkt Ivst	83,250	73,260
Total current assets	240,984	171,054
<b>Intermediate Assets</b>		
Brdg Ivst	111,200	104,000
Machinery	315,000	247,500
Titled vehicles	18,600	15,810
Total intermediate assets	444,800	367,310
<b>Long Term Assets</b>		
Total long term assets	-	-
Total farm assets	685,784	538,364
Personal assets	24,855	24,855
Total assets	710,639	563,219
<b>Current Liabilities</b>		
Accrued interest	12,761	-
Payables & accr exp	108,563	41,080
Principal due on term loans	36,150	29,498
Total current liabilities	157,474	70,578
<b>Intermediate Liabilities</b>		
Northland Capital-Cons. Debt	39,908	-
Monti CU-Cons. Debt	202,094	172,595
Total intermediate liabilities	242,001	172,595
<b>Long Term Liabilities</b>		
Total long term liabilities	-	-
Total farm liabilities	399,475	243,174
Total liabilities	399,475	243,174
Net worth	311,164	320,045
Net worth change	8,881	
Debt to asset ratio	56 %	43 %

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**Notes**

Market Cattle Inventories for cow/calf group

Beginning:

- Market Steers (2014) 27
- Beef Calves (2015) 36

Sold - 42 (27 from 2014, 15 from 2015)

Born - 45

Ending:

- Market Steers (2015) 21
- Beef Calves (2016) 45



**Troy Denelsbeck**  
2017 proforma annual plan

**PROJECTED NET CASH FLOW**

<b>Cash Inflows</b>	Quantity	Price	Inflow	<b>Cash Outflows</b>	Outflow
Corn	33,000 bu.	3.75/bu.	123,750	Feeder livestock purchase	
Soybeans	3,150 bu.	9.00/bu.	28,350	Finish Beef	20,000
Beef Calves	42 head	120.00/cwt.	61,488	Feed	25,000
Finish Beef	18 head	120.00/cwt.	30,240	Chemicals	11,000
Cull breeding livestock				Custom hire (machine work)	2,500
Beef Cow-Calf			7,200	Fertilizers and lime	25,000
Crop government payments				Freight and trucking	2,500
ARC			11,000	Gasoline, fuel, and oil	8,000
Custom work income			850	Insurance (other than health)	15,500
Patronage dividends, cash			2,581	Rent or lease: land, animals, e	40,650
Personal wages & salary				Repairs and maintenance	20,000
Troy net pay			36,000	Seeds and plants	25,000
Melissa net pay			15,600	Storage and warehousing	1,000
Total operating inflows			317,059	Supplies	1,000
				Taxes	2,000
				Utilities	2,000
				Veterinary, breeding, and medic	10,000
				Other expenses	
				annual misc	3,000
				AP-Richard & Jacklyn D	24,000
				Attorney Fee	7,500
				trustee fee	8,500
				Family living/Owner draw	19,260
				Total operating outflows	273,410
				<b>Loan Payments</b>	
				Monti CU-Cons.Debt	
				Principal	30,620
				Interest	7,684
				Total loan payments	38,304
Total cash inflows			317,059	Total cash outflows	311,714
				Net cash flow	5,345

**CROP AND LIVESTOCK PRODUCTION**

Enterprise	Units	Production Per Unit	Share	Operator Production
Corn	200.0 Acres	175.0 bu.	100	35,000 bu.
Soybeans	70.0 Acres	45.0 bu.	100	3,150 bu.
Beef Cow-Calf	56.0 Cow	0.80 head		45 head
Total crop acres	270.0 Acres			

**CROP INVENTORY SUMMARY**

	Beginning Inventory	Produced	Purchased	From CCC	Fed	Sold	To CCC	Ending Inventory
Corn (bu.)	-	35,000	-	-	-2,000	-33,000	-	-
Soybeans (bu.)	-	3,150	-	-	-	-3,150	-	-

**LIVESTOCK INVENTORY SUMMARY**

	Beginning Inventory	Produced	Purchased / Trans In	Died	Sold / Trans Out	Ending Inventory
Beef Calves (head)	66	45	-	-	-42	69
Finish Beef (head)	-	-	20	-2	-18	-

**PROJECTED INVENTORY CHANGE**

Commodity	Begin Inventory	\$/Unit	Begin Value	Ending Inventory	\$/Unit	Ending Value	Change
Beef Calves	66	1,110.00	73,260	69	1,129.56	77,940	4,680
Total income items			73,260			77,940	4,680
Payables & accr exp	(end)		17,080	(beg)		41,080	24,000
Total expense items			17,080			41,080	24,000
Total inventories			90,340			119,020	28,680

**PROJECTED BALANCE SHEET**

	Beginning	Projected Ending
<b>Current Assets</b>		
Cash and checking	97,794	103,139
Mkt Ivst	73,260	77,940
Total current assets	171,054	181,079
<b>Intermediate Assets</b>		
Brdg Ivst	104,000	104,000
Machinery	247,500	222,750
Titled vehicles	15,810	13,439
Total intermediate assets	367,310	340,189
<b>Long Term Assets</b>		
Total long term assets	-	-
Total farm assets	538,364	521,267
Personal assets	24,855	24,855
Total assets	563,219	546,122
<b>Current Liabilities</b>		
Payables & accr exp	41,080	17,080
Principal due on term loans	30,620	30,620
Total current liabilities	71,700	47,700
<b>Intermediate Liabilities</b>		
Monti CU-Cons.Debt	171,474	140,854
Total intermediate liabilities	171,474	140,854
<b>Long Term Liabilities</b>		
Total long term liabilities	-	-
Total farm liabilities	243,174	188,554
Total liabilities	243,174	188,554
Net worth	320,045	357,568
Net worth change	37,523	
Debt to asset ratio	43 %	35 %



**Notes**

Cow Calf - Market calve inventory

Beginning year:

Market Steers (2015) 21

Beef Calves (2016) 45

Sales - 42 (21 from 2015, 21 from 2016)

Born - 45

Ending year:

Market Steers (2016) 24, \$1,560/hd (\$120/cwt)- \$37,440

Beef Calves (2017) 45, \$900/hd (\$180/cwt) - \$40,500

Ave value @ \$1130/hd



Troy Denelsbeck  
2018 Proforma AP

### Annual Cash Flow Plan Executive Summary

#### Projected Cash Flow Summary

Total operating inflow		317,059
Total operating outflow	(-)	265,410
Capital purchases	(-)	-
Capital sales	(+)	-
New credit	(+)	-
Loan payments	(-)	38,304
<b>Net cash flow</b>	<b>(=)</b>	<b>13,345</b>
Beginning cash balance	(+)	103,139
Operating loan borrowings	(+)	-
Operating loan principal payments	(-)	-
Ending cash balance	(=)	116,484

Beginning operating loan balance	-
Ending operating loan balance	-

#### Projected Change in Working Capital

Change in cash		13,345
Change in current inventories	(+)	8,729
Estimated change in working capital	(=)	22,074

#### Projected Income Statement

Gross cash farm income		265,459
Inventory change - income items	(+)	5,490
Gross revenue	(=)	270,949
Cash farm operating expense		246,150
Interest expense	(+)	6,520
Depreciation	(+)	24,291
Inventory change - expense items	(+)	-3,239
Total farm expense	(=)	273,722
Net farm income		-2,773

#### Projected Earned Net Worth Change

Net farm income		-2,773
Personal income	(+)	51,600
Family living expense	(-)	19,260
Income taxes accrued	(-)	-
Earned net worth change	(=)	29,567

#### Term Debt Coverage

Net farm income from operations		-2,773
Depreciation	(+)	24,291
Personal income	(+)	51,600
Family living expense	(-)	19,260
Income taxes accrued	(-)	-
Interest on term debt	(+)	19,281
Capital debt repayment capacity	(=)	73,139
Term debt payments		38,304
Capital debt repayment margin		34,835
Term debt coverage ratio		1.91

#### Financial Standards Measures

	Beginning	Ending
<b>Liquidity</b>		
Current ratio	3.7	4.4
Working capital	132,215	154,289
Working capital to gross revenue	48.8 %	56.9 %

#### Solvency (market)

Debt to asset ratio	36.2 %	29.8 %
Debt to equity ratio	0.6	0.4

#### Profitability (market)

Net farm income		-2,773
Rate of return on assets		3.2 %
Rate of return on equity		-0.8 %
Operating profit margin		6.6 %
EBITDA		40,799

#### Repayment Capacity

Term debt coverage ratio (farm only)		1.91
Replacement margin coverage ratio		1.91

#### Efficiency

Asset turnover rate (market)		48.4
Operating expense ratio		84.9 %
Depreciation ratio		9.0 %
Interest expense ratio		7.1 %
Net farm income ratio		-1.0 %

#### Other

Term debt coverage (farm+personal)		1.91
Term debt to EBITDA		3.42

#### Shocks to Farm Term Debt Coverage Ratio

10% decrease in gross income		1.20
10% increase in operating expenses		1.31
3% increase in interest rates		1.70

**PROJECTED NET CASH FLOW**

<b>Cash Inflows</b>	Quantity	Price	Inflow	<b>Cash Outflows</b>	Outflow
Corn	33,000 bu.	3.75/bu.	123,750	Feeder livestock purchase	
Soybeans	3,150 bu.	9.00/bu.	28,350	Finish Beef	20,000
Beef Calves	42 head	120.00/cwt.	61,488	Feed	25,000
Finish Beef	18 head	120.00/cwt.	30,240	Chemicals	11,000
Cull breeding livestock				Custom hire (machine work)	2,500
Beef Cow-Calf			7,200	Fertilizers and lime	25,000
Crop government payments				Freight and trucking	2,500
ARC			11,000	Gasoline, fuel, and oil	8,000
Custom work income			850	Insurance (other than health)	15,500
Patronage dividends, cash			2,581	Rent or lease: land, animals, e	40,650
Personal wages & salary				Repairs and maintenance	20,000
Troy net pay			36,000	Seeds and plants	25,000
Melissa net pay			15,600	Storage and warehousing	1,000
Total operating inflows			317,059	Supplies	1,000
				Taxes	2,000
				Utilities	2,000
				Veterinary, breeding, and medic	10,000
				Other expenses	
				annual misc	3,000
				AP-Richard & Jacklyn D	16,000
				Attorney Fee	7,500
				trustee fee	8,500
				Family living/Owner draw	19,260
				Total operating outflows	265,410
				<b>Loan Payments</b>	
				Monti CU-Cons.Debt	
				Principal	31,784
				Interest	6,520
				Total loan payments	38,304
Total cash inflows			317,059	Total cash outflows	303,714
				Net cash flow	13,345

**CROP AND LIVESTOCK PRODUCTION**

Enterprise	Units	Production Per Unit	Share	Operator Production
Corn	200.0 Acres	175.0 bu.	100	35,000 bu.
Soybeans	70.0 Acres	45.0 bu.	100	3,150 bu.
Beef Cow-Calf	56.0 Cow	0.80 head		45 head
Total crop acres	270.0 Acres			

**CROP INVENTORY SUMMARY**

	Beginning Inventory	Produced	Purchased	From CCC	Fed	Sold	To CCC	Ending Inventory
Corn (bu.)	-	35,000	-	-	-2,000	-33,000	-	-
Soybeans (bu.)	-	3,150	-	-	-	-3,150	-	-

**LIVESTOCK INVENTORY SUMMARY**

	Beginning Inventory	Produced	Purchased / Trans In	Died	Sold / Trans Out	Ending Inventory
Beef Calves (head)	69	45	-	-	-42	72
Finish Beef (head)	-	-	20	-2	-18	-

**PROJECTED INVENTORY CHANGE**

Commodity	Begin Inventory	\$/Unit	Begin Value	Ending Inventory	\$/Unit	Ending Value	Change
Beef Calves	69	1,129.57	77,940	72	1,158.75	83,430	5,490
Total income items			77,940			83,430	5,490
Payables & accr exp	(end)	1,080		(beg)	17,080		16,000
Accrued interest	(end)	12,761		(beg)	-		-12,761
Total expense items			13,841			17,080	3,239
Total inventories			91,781			100,510	8,729

**PROJECTED BALANCE SHEET**

	Beginning	Projected Ending
<b>Current Assets</b>		
Cash and checking	103,139	116,484
Mkt Ivst	77,940	83,430
Total current assets	181,079	199,914
<b>Intermediate Assets</b>		
Brdg Ivst	104,000	104,000
Machinery	222,750	200,475
Titled vehicles	13,439	11,423
Total intermediate assets	340,189	315,898
<b>Long Term Assets</b>		
Total long term assets	-	-
Total farm assets	521,268	515,812
Personal assets	24,855	24,855
Total assets	546,123	540,667
<b>Current Liabilities</b>		
Accrued interest	-	12,761
Payables & accr exp	17,080	1,080
Principal due on term loans	31,784	31,784
Total current liabilities	48,864	45,625
<b>Intermediate Liabilities</b>		
Monti CU-Cons.Debt	139,690	107,906
Total intermediate liabilities	139,690	107,906
<b>Long Term Liabilities</b>		
Total long term liabilities	-	-
Total farm liabilities	188,554	153,531
Total liabilities	188,554	153,531
Net worth	357,569	387,136
Net worth change	29,567	
Debt to asset ratio	35 %	28 %

**Notes**

Cow Calf - Market Calf inventory

Beginning:

Steer Calves - 24 (2016)

Beef Calves - 45 (2017)

Born - 45

Sold 42 (24 from 2016, 18 from 2017)

Ending Inventory

Steer Calves (2017) 27, \$1590/hd (\$120/cwt) - \$42,930

Beef Calves (2018) 45, \$900/hd (\$180/cwt) - \$40,500

Ending Value - \$83,430 (\$1,158.75/hd)



I certify that my statements on this balance sheet are true, complete, and correct to the best of my knowledge and belief.

Signature(s)	Date
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<b>Schedule A: Cash and checking</b>	Value
checking-#34253	97,794
Total cash and checking	97,794

Schedule H: Livestock held for sale

Livestock	Description	Number Of Head	Average Weight	Value Per Unit	Value
Str Calves	2015 fat cattl	21	1,300	120.00/cwt.	32,760
Beef Calves	2016 beef calv	45	500	180.00/cwt.	40,500
Total livestock held for sale					73,260

<b>Schedule I: Breeding livestock</b>	Number of Head	Mkt Value Per Head	Market Value
Registered cattle	16	2,000	32,000
Cows	40	1,800	72,000
Total breeding livestock			104,000



**Schedule J: Machinery and equipment**

Make/Model	Model	Serial No./VIN	Year	Pct.	Market
Make/Model	Year	Serial No./VIN	Purchased	Ownership	Value
Combine, 9560 JD-1/2	2003	x	2012	100.00 %	85,000
8200 JD Tractor FWA (9000	97	x	2007	100.00 %	50,000
873 Bobcat skidsteer(5000	2001	x	2003	100.00 %	12,000
JD 566 Baler-netwrap	2007	x	-	100.00 %	9,000
Patz Feed Wagon 420	2008	x	2008	100.00 %	22,000
Haybuster 2650 processor	2008	x	2008	100.00 %	6,400
499 NH haybine	98	x	2005	100.00 %	2,500
Sitrex 9 wheel rake	-	x	-	100.00 %	1,800
JD 336 square baler	-		-	100.00 %	3,000
Greatplain turbotill-18'	2009	lease-x	2009	100.00 %	22,000
Myers Verticle spreader	2009	x	2009	100.00 %	20,000
NH diskmower 6740	2014	x	2014	100.00 %	4,000
Polaris 4 wheeler	-	x	-	100.00 %	4,000
squeeze chute	-	x	-	100.00 %	1,800
alley scale	-	x	-	100.00 %	2,000
stock trailer, 24'	-	x	-	100.00 %	3,500
MF 1130 tractor	-	x	-	100.00 %	4,500
Gravity Boxes	-	x	-	100.00 %	5,000
JD Drill	-	x	-	100.00 %	2,500
JD 3960 chopper w/c.head	-	x	-	100.00 %	3,000
JD 60 tractor	-	x	-	100.00 %	-
Hayracks (2)	-	x	-	100.00 %	500
JD 38 sickle mower	-	x	-	100.00 %	-
Bale Elevator	-	x	-	100.00 %	-
Fertilizer Bar	-	x	-	100.00 %	-
Auger	-	x	-	100.00 %	500
feeder wagon-scrap	-	x	-	100.00 %	-
JD 930 platform	-	x	-	100.00 %	10,000
silage wagon	-	x	-	100.00 %	-
B&R port.Alley w/chute	2012	x	-	100.00 %	-
RD 9' snowblower	2012	x	-	100.00 %	-
-less 2016 depreciation	-		-	100.00 %	-27,500
Total machinery and equipment					247,500

**Schedule K: Titled vehicles**

Make/Model	Model	Serial No./VIN	Year	Pct.	Market
Make/Model	Year	Serial No./VIN	Purchased	Ownership	Value
Chev Silverado 3/4 duroma	2007		2008	100.00 %	15,000
Chevy Pickup	1996		-	100.00 %	3,500
2 scrap trucks	-		-	100.00 %	100
less 2016 depreciation	-		-	100.00 %	-2,790
Total titled vehicles					15,810

**Schedule P: Personal assets**

	Quantity	Mkt Value Per Unit	Market Value
Savings and checking			-
Stocks and bonds			-
Other personal current assets			-
Furnishings and appliances			1,500
Personal vehicles			-
Cash value of life insurance			-
Retirement accounts			
IRA-Ariel Mutual	1	13,840	13,840
IRA-Hartford	1	6,265	6,265
Personal business investment			-
Other intermediate assets			
apparel	1	750	750
Wedding ring/watch	1	500	500
4 riffles-shotgun-2 pisto	1	2,000	2,000
Personal real estate			-
Other long term assets			-
Total personal assets			24,855

**Schedule T: Accounts payable and other accrued expenses**

	Expense Category	Balance
Canby Farms Coop	Seed	1,080
Rick Denelsbeck-crop inp.	Misc.	40,000
Total accounts payable and other accrued expen		41,080

**Schedule V: Intermediate loans**

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Intermed Balance
Monti CU-Cons.Debt	3.75 %	202,094	-	38,304	-	12	2021	30,620	171,474
Total intermediate loans		202,094	-	38,304	-			30,620	171,474

**Schedule Z: Ratio analysis**

	Market
Current ratio	2.39
Current ratio (business and personal)	2.39
Working capital	99,354
Working capital (business and personal)	99,354
Current percent in debt	42 %
Intermediate percent in debt	47 %
Long term percent in debt	- %
Personal percent in debt	- %
Total debt to asset ratio	43 %
Total equity to asset ratio	57 %
Total debt to equity ratio	0.76



**Troy Denelsbeck**  
1/1/2018 - 2018 proforma NW-T&M.D Balance Sheet

<b>Current Assets</b>				Value	<b>Current Liabilities</b>						Balance
Cash and checking (Schd A)				103,139	Accrued interest						-
Prepaid expenses and supplies				-	Payables & accr exp (Schd T)						17,080
Growing crops				-							
Accounts receivable				-			Int	P & I	Principal		
Hedging accounts				-	Current loans (Schd U)		Rate	Due	Balance		
Other current assets				-							
Crop inventory				-	Government crop loans						-
Crops under gov't loan				-	Principal due within 12 months on term liabilities						31,784
Mkt Ivst (Schd H)		No.	Value/Unit								
Str Calves		24	120.00/cwt.	37,440							
Beef Calves		45	180.00/cwt.	40,500							
<b>Total Current Assets</b>				<b>181,079</b>	<b>Total Current Liabilities</b>						<b>48,864</b>
<b>Intermediate Assets</b>					<b>Intermediate Liabilities (Schd V)</b>						
				Market							
				Value	Loan		Int	Principal	P & I	Principal	Intermed
Brdg Ivst (Schd I)		No.					Rate	Balance	Due	Due	Balance
Registered cattle		16		32,000	Monti CU-Cons.Debt		3.75	171,474	38,304	31,784	139,690
Cows		40		72,000							
Machinery (Schd J)				222,750							
Titled vehicles (Schd K)				13,439							
Other intermediate assets				-							
<b>Total Intermediate Assets</b>				<b>340,189</b>	<b>Total Intermediate Liabilities</b>						<b>139,690</b>
<b>Long Term Assets</b>					<b>Long Term Liabilities</b>						
				Market							
				Value	Loan		Int	Principal	P & I	Principal	Lg Term
Land				-			Rate	Balance	Due	Due	Balance
Buildings and improvements				-							
Other long term assets				-							
<b>Total Long Term Assets</b>				<b>-</b>	<b>Total Long Term Liabilities</b>						<b>-</b>
<b>Total Farm Assets</b>				<b>521,268</b>	<b>Total Farm Liabilities</b>						<b>188,554</b>
Personal Assets (Schd P)				24,855	Personal Liabilities						-
											</

<b>Schedule A: Cash and checking</b>		Value
checking-#34253		103,139
Total cash and checking		103,139

Schedule H: Livestock held for sale

Livestock	Description	Number	Average	Value Per	
		Of Head	Weight	Unit	Value
Str Calves	2016 fat cattl	24	1,300	120.00/cwt.	37,440
Beef Calves	2017 beef calv	45	500	180.00/cwt.	40,500
Total livestock held for sale					77,940

<b>Schedule I: Breeding livestock</b>			
	Number of	Mkt Value	Market
	Head	Per Head	Value
Registered cattle	16	2,000	32,000
Cows	40	1,800	72,000
Total breeding livestock			104,000

**Schedule J: Machinery and equipment**

Make/Model	Model	Serial No./VIN	Year	Pct.	Market
Make/Model	Year	Serial No./VIN	Purchased	Ownership	Value
Combine, 9560 JD-1/2	2003	x	2012	100.00 %	85,000
8200 JD Tractor FWA (9000	97	x	2007	100.00 %	50,000
873 Bobcat skidsteer(5000	2001	x	2003	100.00 %	12,000
JD 566 Baler-netwrap	2007	x	-	100.00 %	9,000
Patz Feed Wagon 420	2008	x	2008	100.00 %	22,000
Haybuster 2650 processor	2008	x	2008	100.00 %	6,400
499 NH haybine	98	x	2005	100.00 %	2,500
Sitrex 9 wheel rake	-	x	-	100.00 %	1,800
JD 336 square baler	-		-	100.00 %	3,000
Greatplain turbotill-18'	2009	lease-x	2009	100.00 %	22,000
Myers Verticle spreader	2009	x	2009	100.00 %	20,000
NH diskmower 6740	2014	x	2014	100.00 %	4,000
Polaris 4 wheeler	-	x	-	100.00 %	4,000
squeeze chute	-	x	-	100.00 %	1,800
alley scale	-	x	-	100.00 %	2,000
stock trailer, 24'	-	x	-	100.00 %	3,500
MF 1130 tractor	-	x	-	100.00 %	4,500
Gravity Boxes	-	x	-	100.00 %	5,000
JD Drill	-	x	-	100.00 %	2,500
JD 3960 chopper w/c.head	-	x	-	100.00 %	3,000
JD 60 tractor	-	x	-	100.00 %	-
Hayracks (2)	-	x	-	100.00 %	500
JD 38 sickle mower	-	x	-	100.00 %	-
Bale Elevator	-	x	-	100.00 %	-
Fertilizer Bar	-	x	-	100.00 %	-
Auger	-	x	-	100.00 %	500
feeder wagon-scrap	-	x	-	100.00 %	-
JD 930 platform	-	x	-	100.00 %	10,000
silage wagon	-	x	-	100.00 %	-
B&R port.Alley w/chute	2012	x	-	100.00 %	-
RD 9' snowblower	2012	x	-	100.00 %	-
-less 2016 dep.	-		-	100.00 %	-27,500
- less 2017 dep	-		-	100.00 %	-24,750
Total machinery and equipment					222,750

**Schedule K: Titled vehicles**

Make/Model	Model	Serial No./VIN	Year	Pct.	Market
Make/Model	Year	Serial No./VIN	Purchased	Ownership	Value
Chev Silverado 3/4 duroma	2007		2008	100.00 %	15,000
Chevy Pickup	1996		-	100.00 %	3,500
2 scrap trucks	-		-	100.00 %	100
- less 2016 dep.	-		-	100.00 %	-2,790
- less 2017 dep.	-		-	100.00 %	-2,371
Total titled vehicles					13,439

**Schedule P: Personal assets**

	Quantity	Mkt Value Per Unit	Market Value
Savings and checking			-
Stocks and bonds			-
Other personal current assets			-
Furnishings and appliances			1,500
Personal vehicles			-
Cash value of life insurance			-
Retirement accounts			
IRA-Ariel Mutual	1	13,840	13,840
IRA-Hartford	1	6,265	6,265
Personal business investment			-
Other intermediate assets			
apparel	1	750	750
Wedding ring/watch	1	500	500
4 riffles-shotgun-2 pisto	1	2,000	2,000
Personal real estate			-
Other long term assets			-
Total personal assets			24,855

**Schedule T: Accounts payable and other accrued expenses**

	Expense Category	Balance
Canby Farms Coop	Seed	1,080
Rick Denelsbeck-crop inp.	Misc.	16,000
Total accounts payable and other accrued expen		17,080

**Schedule V: Intermediate loans**

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Intermed Balance
Monti CU-Cons.Debt	3.75 %	171,474	-	38,304	-	12	2022	31,784	139,690
Total intermediate loans		171,474	-	38,304	-			31,784	139,690

**Schedule Z: Ratio analysis**

	Market
Current ratio	3.71
Current ratio (business and personal)	3.71
Working capital	132,215
Working capital (business and personal)	132,215
Current percent in debt	27 %
Intermediate percent in debt	41 %
Long term percent in debt	- %
Personal percent in debt	- %
Total debt to asset ratio	35 %
Total equity to asset ratio	65 %
Total debt to equity ratio	0.53